

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| ADJUSTMENT OF RATES OF BELFRY GAS, |) | |
| INCORPORATED AND FOR AUTHORITY TO |) | CASE NO. 93-111 |
| INCUR ADDITIONAL INDEBTEDNESS |) | |

O R D E R

IT IS ORDERED that Belfry Gas, Incorporated ("Belfry") shall file an original and 12 copies of the following information with the Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. The information requested herein is due July 15, 1993.

1. Refer to Belfry's response to Item 2 of the Commission's May 7, 1993 Order, Sheet 1 of 18. Explain in detail why Belfry had sufficient cash flows in late March and April of 1993 to cover its gas purchases for the period June 1992 when it did not previously.

2. State whether Belfry has paid the outstanding bills for gas purchases from December 1992 through the most current billing.

If not, explain in detail why it has not. Include all supporting documentation for this response.

3. Provide a Statement of Cash Flows as of May 31, 1993.

4. State whether Belfry proposes to amend its application to request an extension of its current surcharge.

5. Explain in detail any benefits that will accrue to Belfry's ratepayers as a result of refinancing the existing \$166,935.13 debt outstanding to First National Bank.

6. Refer to Belfry's response to Item 18 of the Commission's May 7, 1993 Order, Sheet 1 of 3. Provide a breakdown of the 1992 Long Term Interest Expense of \$8,358.97. Include each interest calculation on each debt showing the interest rate and the outstanding loan balance on which the calculation was made. Provide copies of any amortization schedules, invoices or other workpapers or documentation to support the test-year interest expense.

7. Refer to Belfry's response to Item 1 of the Commission's May 19, 1993 Order. Explain in detail the monthly debit entries to Account No. 236 to Judy A. Justice.

8. Refer to Belfry's response to Item 1 of the Commission's May 19, 1993 Order. Explain in detail the monthly debit entries to Account No. 762 to Church.

9. Provide copies of each telephone bill paid by Belfry during the test year. Identify any other companies which use Belfry's telephone. For each telephone, state whether these phones are located on company property.

10. List all motor vehicles owned or leased by Belfry, the license number of each vehicle and state whether the vehicle is used on a personal basis by anyone connected with Belfry.

11. For each vehicle owned or leased by Belfry, provide a monthly breakdown of the maintenance and repair incurred for that vehicle. For each expenditure exceeding \$200.00 provide a copy of the invoice supporting the expense.

12. Provide copies of each invoice for services rendered or purchases made during the test year from Saturn Materials and state the purpose of each expense.

13. Provide copies of each invoice for services rendered during the test year from Roger A. Spradlin.

14. Refer to Belfry's response to Item 1 of the Commission's May 19, 1993 Order, Sheet 30 of 122. State the purpose of the \$112.44 expense recorded in Account No. 923, Outside Services employed and provide a copy of the invoice supporting it.

15. Provide copies of each month's invoices received from any companies with which Belfry has accounts for the purchase of gasoline for its vehicles.

16. Refer to Belfry's response to Item 1 of the Commission's May 19, 1993 Order, Sheet 42 of 122. Provide copies of invoices for each of the following:

- a. Reference No. 6274, Allen Supply & Machinery, \$469.26.
- b. Reference No. 6275, McJunkin/Appalachian, \$2,293.77.
- c. Reference No. 6277, Consolidated Plumbing, \$589.98.

d. Reference No. 6291, Williamson Supply Co., \$289.52.

17. Refer to Belfry's response to Item 1 of the Commission's May 19, 1993 Order, Sheet 51 and 52 of 122. Provide copies of invoices for each of the following:

a. Reference No. 6276, Thompson Pontiac Buick, \$417.09.

b. Reference No. 6288, Elkhorn Pocahontas, \$831.48.

c. Reference No. 6301, McJunkin/Appalachian, \$489.39.

d. Reference No. 6313, McJunkin/Appalachian, \$247.85.

18. Refer to Belfry's response to Item 1 of the Commission's May 19, 1993 Order, Sheets 59, 79 and 89 of 122. Explain detail and provide all supporting documentation for the CUSTOMER TRADE OUT described under Account No. 762, Main and Services Expenses.

19. Refer to Belfry's response to Item 1 of the Commission's May 19, 1993 Order, Sheet 60 of 122. Provide a copy of all documentation supporting the expense recorded in Account No. 903, Supplies and Expenses, to the Internal Revenue Service in the amount of \$106.53.

20. Refer to Belfry's response to Item 1 of the Commission's May 19, 1993 Order, Sheet 72 through 122 of 122. Provide copies of each of the following invoices:

a. Reference No. 10036, Allen Supply and Mach., \$908.59.

b. Reference No. 10043, J.D. Wescott and Sons, \$174.24.

c. Reference No. 10049, Allen Supply and Mach., \$231.82.

d. Reference No. 10030, Butcher Testing Service,
\$125.00.

e. Reference No. 10057, Butcher Testing Service,
\$500.00.

f. Reference No. 10045, Walter P. Walters, Agt.,
\$64.00.

g. Reference No. 10056, Glasgow Insurance, \$5,376.00.

h. Reference No. 10076, Heath Consultants, \$317.10.

i. Reference No. 10081, Toler Wholesale Tire, \$407.04.

j. Reference No. 10118, Williamson Daily News, \$131.04.

k. Reference No. 10139, Arrow Printing, \$756.40.

21. Refer to Belfry's response to Items 2 and 3 of the Commission's May 19, 1993 Order. Explain in detail why Bad Debts Income and Bad Debts Expense have significantly decreased from the prior year. How long has Belfry employed a collection agency to handle its bad debts? Has use of such an agency improved the rate of collection?

22. Explain in detail the role of Donald Taylor who is identified as the witness responsible for many of the responses filed in this case.

23. Refer to Belfry's response to Item 4 of the Commission's May 19, 1993 Order.

a. Does the END WAGE RATE shown on the exhibit include the 5 percent wage increase Belfry anticipates granting in calendar year 1993?

b. Has Paul Lowe returned to work? If not, has Belfry hired a replacement? If so, provide the wage rate and full or part time, permanent or temporary status of the new hire.

c. For each employee listed, state whether he or she is employed elsewhere by J. W. Kinzer, the total compensation received from J. W. Kinzer affiliated companies, and the percentage of his or her time spent working for Belfry.

24. Refer to Belfry's response to Item 6 of the Commission's May 19, 1993 Order.

a. For each Belfry employee, state whether the employee is covered by medical insurance.

b. For each employee receiving medical insurance coverage, state whether the coverage is for a single or family plan.

c. Are employees required to contribute to their medical insurance premiums?

d. Provide the cost of providing both single and family coverage medical insurance.

25. Why is Belfry not proposing to include the cost of providing some level of medical insurance benefit in its cost of service?

26. Refer to Belfry's response to Item 7 of the Commission's May 19, 1993 Order. Are Belfry's employees allowed to charge gasoline used in their personal vehicles to the company?

27. Refer to Belfry's response to Item 9 of the Commission's May 19, 1993 Order, Sheet 20 of 57. Explain in detail the \$588.20

and \$5,189.65 accounts receivable outstanding for at least 120 days from Mary Helen Coal. Explain all activities undertaken by Belfry to obtain payment and analyze the probability that collection will be made in the near future.

28. Refer to Belfry's response to Item 11 of the Commission's May 19, 1993 Order. Belfry's wage and salary level has risen 96.9 percent in the period 1989 through 1992. Provide detailed quantifiable justification for any and all benefits accruing to Belfry as a result of this increase.

29. Refer to Belfry's response to Item 16 of the Commission's May 19, 1993 Order. Explain all items included in the \$7,494.91 decrease to Other Income.

30. Reference Application Exhibit 1, page 2.

a. Provide a detailed breakdown and explanation of the \$178,191.60 Accounts Payable - Kinthag balance.

b. Provide a detailed breakdown of the \$(170,255.33) Cash and Working Funds account balance. List all checks that had not cleared the bank as of December 31, 1992 in numerical order, including the date the check was written, the vendor to whom the check was payable, and the reason for each payment.

31. Refer to Belfry's response to Item 2, page 1 and 2 of the Commission's May 7, 1993 Order.

a. The payment schedule in this item lists five checks that were written to Kinthag for gas purchases as clearing the bank in April 1993. Explain in detail why these Kinthag gas purchase

checks were able to clear the bank in April and why they could not have cleared the bank in prior months.

b. The section titled Current Position lists checks to Kinbag for December 1992 through March 1993 gas purchases as having not cleared the bank. State which of these payments have now cleared the bank and the date on which they did so.

32. In Belfry Gas Case No. 89-068¹, this Commission denied recovery of \$108,266.18 for prior period gas purchases. Has this amount been removed from the accounting records of Belfry Gas? If not, explain why and state the account in which this balance is included.

33. Refer to Belfry's response to Item 21 of the Commission's Order of May 19, 1993. Provide information regarding the metering system for the provision of gas from Kinbag. If there is no master meter, how did Belfry estimate the gas losses for the test year?

34. Do Stephen A. Jenkins or Jim Blackburn provide services to Kinbag or assist in gas production from local wells? If yes, explain in detail the type of services they provide.

35. Refer to the system map, Item 20 of Sheet 2 of 2 of Belfry's response to the Commission's May 19, 1993 Order. Are any of these pipelines owned and operated by Kinbag? If yes, explain in detail who operates and maintains these pipelines.

36. Refer to Exhibit 1, page 1, of Belfry's Application. Provide the depreciation rate for each plant account, method used

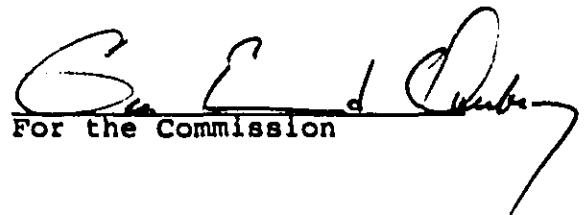
¹ Case No. 89-068, The Application of Belfry Gas, Incorporated for an Application for Adjustment of Rates and for Authority to Incur Additional Indebtedness.

in estimating the depreciation rate, and state the estimated service life of each item.

37. Refer to Exhibit 1, page 2, of Belfry's application. Provide the list of equipment and assets for each item in the \$208,197.40 mentioned under Other Equipment.

Done at Frankfort, Kentucky, this 1st day of July, 1993.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director